

3 May 2002

To: Manpower Panel, Legislative Council
(Attn: Mr. Lau Chin Shek – Chairman and Members of Manpower Panel)

Dear Mr. Lau & Panel Members,

Re: Restructuring of Training and Retraining Services and setting up of a Manpower Development Committee

As you are aware, the Education and Manpower Bureau (EMB) has been consulting with major stake-holders on the restructuring of training and retraining services. The Manpower Panel of the Legislative Council has also held various discussions on the subject, including in the meeting on 17 January 2002. In that meeting, we understand that representatives from the Vocational Training Council (VTC) and the Employees Retraining Board (ERB) were also present to express their views. This letter is being written as a joint letter from ten bodies which directly provide training services under the Employees Retraining Scheme (ERS) operated by the ERB. We have held a number of discussions on the subject together. Our ten organizations have now also formed a Concern Alliance on Training and Retraining so that we can have coordinated views for reflection to the Government, the Legislative Council and other relevant parties. The main purposes of this letter are therefore to formally inform the Manpower Panel of the formation of the Alliance and our preliminary views on the issue. We would of course hope to be given an early opportunity to attend before the Panel to present our concerns and suggestions.

The **terms of reference** of the Training Bodies Alliance are:

1. to reflect our views on manpower development in Hong Kong;
2. to reflect our agreed views and concerns relating to the development of training and retraining services funded by the Government;
3. to reflect the needs of users of training and retraining services to the Government and other relevant parties;
4. to study, reflect and ensure that the needs of vulnerable groups can be met after the restructuring; and
5. to reflect the importance of the role being played by non-Government training bodies and seek continued support from the Government for the services provided by these bodies.

Our preliminary views on some of the more fundamental issues are set out in the following paragraphs.

Role of the future Manpower Development Committee (MDC)

According to the Legislative Council Brief prepared by EMB and confirmation by EMB representatives in the Manpower Panel meeting on 17 January 2002, the future

MDC would be an advisory committee instead of being a statutory body. The functions of the present ERB and its office will be taken over by a 'secretariat' which reports directly to EMB. As an alternative, we propose that the 'secretariat' should be under the auspices of the MDC, so that the latter would have a direct working relationship with training providers through the 'secretariat'. This would enable the MDC to have first-hand information about the 'market' situation, thus facilitating the MDC to formulate output and service standards, and to set up performance monitoring and quality assurance systems. Another possibility is for the training bodies to be informed and consulted through the MDC before any new policy is adopted.

Target Group

The main target group of the ERS is the unemployed aged 30 or above with education level at Form 3 or below. This is the most vulnerable group in the society amidst the current economic downturn and restructuring. At present, over 120 000 people benefit from the ERS in a year. We as training bodies under the ERS are most concerned that the restructuring of training and retraining services might result in less resources being put into the ERS, in turn causing more severe hardships to the 'vulnerable' group mentioned above.

Status of VTC's training centres under the restructuring

We note that under the restructuring, training centres presently operating under the VTC will ultimately become independent and have to compete with other training bodies in the 'market'. We have no objection to the principle of this arrangement, in particular that this should result in more cost-effective use of public money. However, we wish to point out that training centers formerly operating under the VTC might be able to bid at lower prices than training bodies because the equipment and facilities of VTC's centers were all fully funded by the Government. Such 'hidden' subsidies should be properly reflected in their bidding documents.

The bidding system

We note that a bidding system will be introduced for assigning particular training and retraining services under the restructured system. However, we wish to stress that the 'prices' quoted by respective bidders should not be the most crucial consideration taken into account by the awarding authority. Other equally important considerations should be the history, mission, track record and experience of the bidders. Further factors include quality of service in previous projects and the 'proven' employers' network of the respective bidding organizations. Adopting this set of criteria should also have the effect of encouraging training providers to make longer-term investments in formulating their programmes, in recruiting training personnel and in upgrading their facilities.

Opening of training and retraining services to the market

We agree that certain private 'profit-making' organizations in the market have achieved good reputations in their provisions of quality training services. However, we wish to caution that 'experience' and 'social conscience' are highly vital in

providing training and retraining services. 'Non-profit-making' training bodies like us have gone through steep learning curves. Any 'inexperienced' organizations starting from scratch would certainly need a long lead time in order to deliver the standard and quality of services already achieved by present training bodies. Also, since we do not have to make profits although we do have to be self-sufficient, we should be able to offer programmes which are really useful and relevant from both the taxpayers' angle and the trainees' angle. Most of our target trainees are from the grassroots. Generally, we have rich experience in providing services for grassroots. Also, we would not be so concerned about providing programmes which are 'popular' so that 'profits' can be achieved, when in fact public funds are being used to support these programmes. These considerations must be borne in mind by the relevant authority when assessment of services provided by respective organizations is made.

Role of training bodies under the ERS in the Preparatory Committee

We request that present training bodies under the ERS should also be closely involved in the restructuring process. We wish in particular to be represented in the Preparatory Committee. Indeed, training bodies have often been neglected in previous major reforms of the ERS. This has been most disappointing for us and we do believe that we should be able to make positive contributions to the deliberations of the Preparatory Committee.

Possible de-linking of placement service

We understand that one subject being looked into is whether placement service should be maintained after the restructuring of retraining services. We consider that placement service is a vital component of the retraining programme as getting retrainees placed into jobs **should be** one of the **fundamental and major** functions of the programme. After all, placement service at present accounts for less than 20% of the total budget of ERS.

Retraining allowance

We are of the view that the retraining allowance should be retained. We note that there have been some criticisms that certain people attend retraining courses not really to enable themselves to get employed again, but mainly to get the retraining allowance. In spite of this, the retraining allowance should in fact be a vital component of the retraining service funded by Government because the purpose of the allowance is to encourage those unemployed to attend retraining, particularly when a lot of the unemployed is uneasy about the idea of attending classes again like school children. We believe that a more positive approach should be to consider how/whether present rules should/can be further improved.

Staff of present training bodies

We understand that one of the major concerns of EMB and the Manpower Panel is the prospects of VTC and ERB staff after the establishment of the MDC. We wish also to point out that other than staff of VTC and ERB, training bodies under the ERS are together employing over a thousand staff to run the various services. The prospects of

these staff should also be an issue of major concern in the process of restructuring training and retraining services.

Looking Ahead

We hope to see that the restructuring and setting up of MDC will lead to all-rounded training and retraining services in Hong Kong. Areas such as community support, if can be taken into consideration in the process of restructuring, will help tightening the relationship between the service as well as the local community and market.

To sum up, we are generally in support of the major thrust of the restructuring being pursued by EMB, but we hope that our views on various related aspects as presented above are also taken into account by EMB and the Manpower Panel. We also earnestly hope that the Concern Alliance on Training and Retraining could have the opportunity of meeting Members of the Manpower Panel.

Thanks and regards,

For and on behalf of
Concern Alliance on Training and Retraining

Mrs. Cheung-Ang Siew Mei (Chairman) - Christian Action
Ms. Amy Chan – Caritas Adult & Higher Education Service
Ms. Wong Wai Han – Hong Kong College of Technology
Ms. Marilyn Tang – Hong Kong Confederation of Trade Unions
Ms. Wong Chi Mei – Hong Kong Federation of Trade Unions
(Occupational Retraining Centre)
Mr. Johnny Tsang – Hong Kong YWCA
(Retraining and Employment Service)
Mr. Alex Leung – Methodist Centre
Mr. Cliff Au – Yan Oi Tong
Ms. Cora Yuen – Holy Carpenter Church Community Centre
Ms. Lo Yiu Wah – Sheng Kung Hui Lady MacLehose Centre

cc: Mrs. Fanny Law – Secretary of Education and Manpower